

## Message Text

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66/45

ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 NEA-09 SAM-01 SP-02 AID-05 EB-07

NSC-05 RSC-01 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04

OPIC-06 LAB-04 SIL-01 PA-02 PRS-01 USIA-15 L-02 H-02

/121 W

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R 091222Z JAN 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8907

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMCONGEN MILAN

AMCONGEN NAPLES

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

UNCLAS ROME 0265

C O R R E C T E D C O P Y - E O , T A G S , S U B J O M I T T E D .

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: COLOMBO PRESS CONFERENCE FOLLOWING EC MINFIN MEETING

PASS TREASUTY &FRB

1. ITALIAN PRESS CARRIES REPORT OF JANUARY 8 PRESS CONFERENCE

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IN LONDON OF ITALIAN TREAS MIN COLOMBO FOLLOWING JANUARY 6-7

MEETING OF EC MINISTERS OF FINANCE. COLOMBO TOLD REPORTERS THAT HE DID NOT THINK A DIRECT CONFRONTATION BETWEEN US AND EUROPE ON PROBLEM OF RE-CYCLING WAS PROBABLE DURING FORTH-COMING MEETINGS IN WASHINGTON. HOWEVER, COLOMBO POINTED OUT THAT 51 PERCENT MAJORITY WOULD BE SUFFICIENT IN IMF FOR APPROVAL OF EC RE-CYCLING PROPOSAL. MINISTER IS REPORTED TO HAVE SAID,/TUOTE/ THE ALTERNATIVE AMEREICAN PLAN DOES NOT PROVIDE FOR DIRECT BORROWING OF PETRODOLLARS BUT FOR FINANCING DEFICITS THROUGH ACTION BY INDUSTRIAL COUNTRIES TO HELP ONE ANOTHER. THUS, DIRECT RECYCLING IS NOT ENVISAGED. ON THE OTHER HAND, OIL FACILITY PROPOSED BY EC WOULD DRAW UPON PETRODOLLARS AND WOULD, THEREFORE, CREATE DIALOGUE AND MAINTAIN POLITICAL/ECONOMIC CONTACTS WITH ARAB COUNTRIES WHICH COULD IN THE FUTURE LEAD TO A GENERAL AGREEMENT. THE KISSINGER PLAN EMBODIES A DIFFERENT POLICY IMPLICATION, THAT IS, ONE OF CONFRONTATION AND OF A COOLING IN RELATIONS WITH PETROLEUM-PRODUCING COUNTRIES. /END PUOTE/.

2. COLOMBO TOLD REPORTERS THAT EC MINISTERS HAD AGREED TO PROCEED ON PARALLEL PATH IN THREE DIRECTIONS: 1) TO PERSEVERE IN FIGHT AGAINST IFLATION, 2) TO SEEK BALANCE OF PAYMENTS EQUILIBRIUM FOR COUNTRIES WHICH HAD SERIOUS INTERNAL INFLATION PRIOR TO ACCUMULATION OF OIL DEFICIT, AND 3) TO KEEP AN EYE ON SLOWDOWN IN PRODUCTION. COLOMBO SAID THAT EC COUNTRIES FEAR THAT RECESSION IN SOME RICH COUNTRIES, ESPECIALLY IN US, COULD HAVE NEGATIVE EFFECT ON ENTIRE INDUSTRIAL WORLD.VOLPE

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